



European
Commission



MFF 2014-2020

**Support to energy efficiency
investments**

Stefano Panighetti

European Commission
Directorate-General for Energy
A4 Economic Analysis & Financial Instruments

Energy

Outline

- EU Policy Framework for Energy Efficiency
- EU Multiple Financial Framework 2014-2020



2020 Challenges

- Implementation of the existing legal framework
- Making energy efficiency „investible“ – ensuring the access to affordable and properly designed finance
- Buildings, industry and finance – the right sectors for action

2030 Energy & Climate package

- EE target: wait until mid-2014 progress report on the EED indicative targets



Energy Efficiency 2020 target

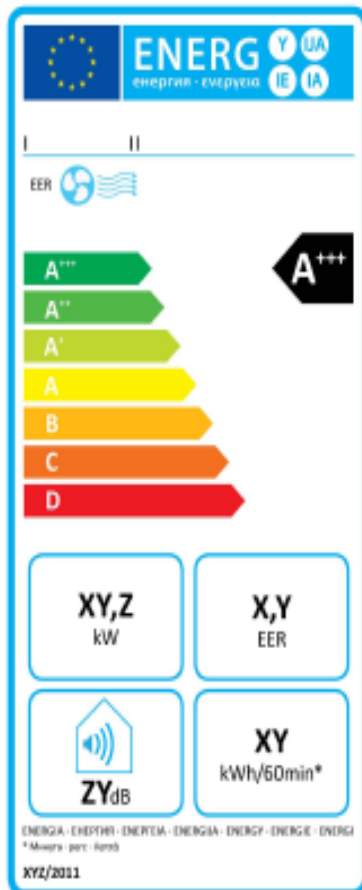
Growth & Jobs benefits of EE

- Emissions & carbon intensity reduction
- Energy security & competitiveness improvement
- ~17 jobs per €1m invested
- €1 investment generates €2-5 in public revenue (reduced unemployment benefits, increased fiscal revenue)
- Labour intensive activities (mostly in building sector)

Current EU Regulatory Framework

Energy performance of buildings Directive

- **Minimum energy performance requirements**
- **Energy Performance Certificates**
- **Nearly zero-energy buildings**
- **Certification and inspections**



Eco-design and Energy Labelling Directives

- **Minimum performance requirements on products**
 - 17 measures adopted so far: electrical motors, fans, light bulbs, washing machines...
- **Labelling**

Energy Efficiency Directive



*Timely **transposition** and effective **implementation** key*

Interpretative notes addressing the key provisions of the EED:

- **Article 5: renovation of central government buildings**
 - **Article 6: public procurement**
 - **Article 7: energy efficiency obligations (or alternatives)**
 - **Article 8: energy audits and energy management systems**
 - **Articles 9-11: smart metering and billing**
 - **Article 14: energy efficiency in district heating and cooling**
 - **Article 15: grids and demand response issues**
-
- **Art.4: Building renovation: LT strategy for mobilising investment in residential & cial buildings by 30.04.14**

Financing needs

Energy savings potential across sectors requires investment of around € 850 billion (2011-2020)

- **Around € 85 billion per year**
- **Buildings take lion's share of ~ € 60 billion/year**



Current EU Financial Support to EE

Cohesion policy funds (2007-2013):

- **5,1 billion € for energy efficiency (up to 8 billion € if all MS re-allocate 4% for housing under ERDF)**

Intelligent Energy Europe Programme (2007-2013):

- **735 million € for 'soft' energy efficiency/renewables projects**
- **Capacity building, awareness raising, best practices sharing**

ELENA Facility:

- **120 million € for technical assistance to mobilise investments**
- **To scale up projects and reduce transaction costs and support project development – EUR 2,5 billion expected**

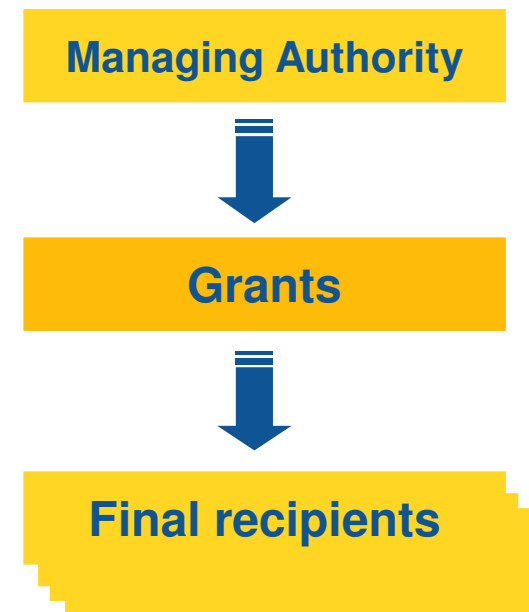
European Energy Efficiency Fund (EEE-F):

- **265 million € for investments into mature, bankable efficiency/renewables projects**
- **20 million € for technical assistance**
- **Role model projects, leverage effect, EPC support...**

'Traditional' implementation structure

Grant support

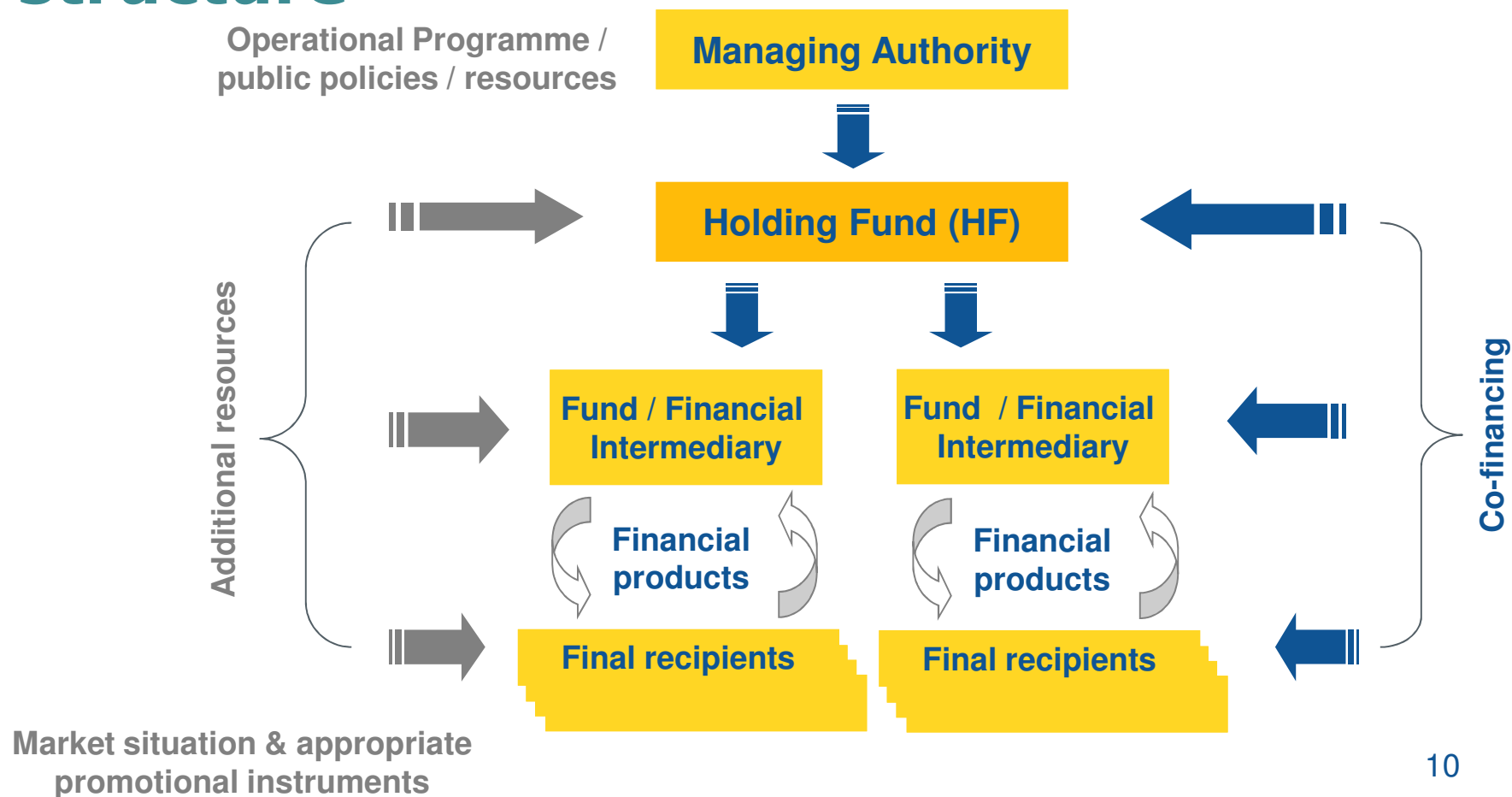
- Ex-post reimbursement
- For projects or project components without revenue-generating capacity
- One-off support





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'Financial instruments' implementation structure

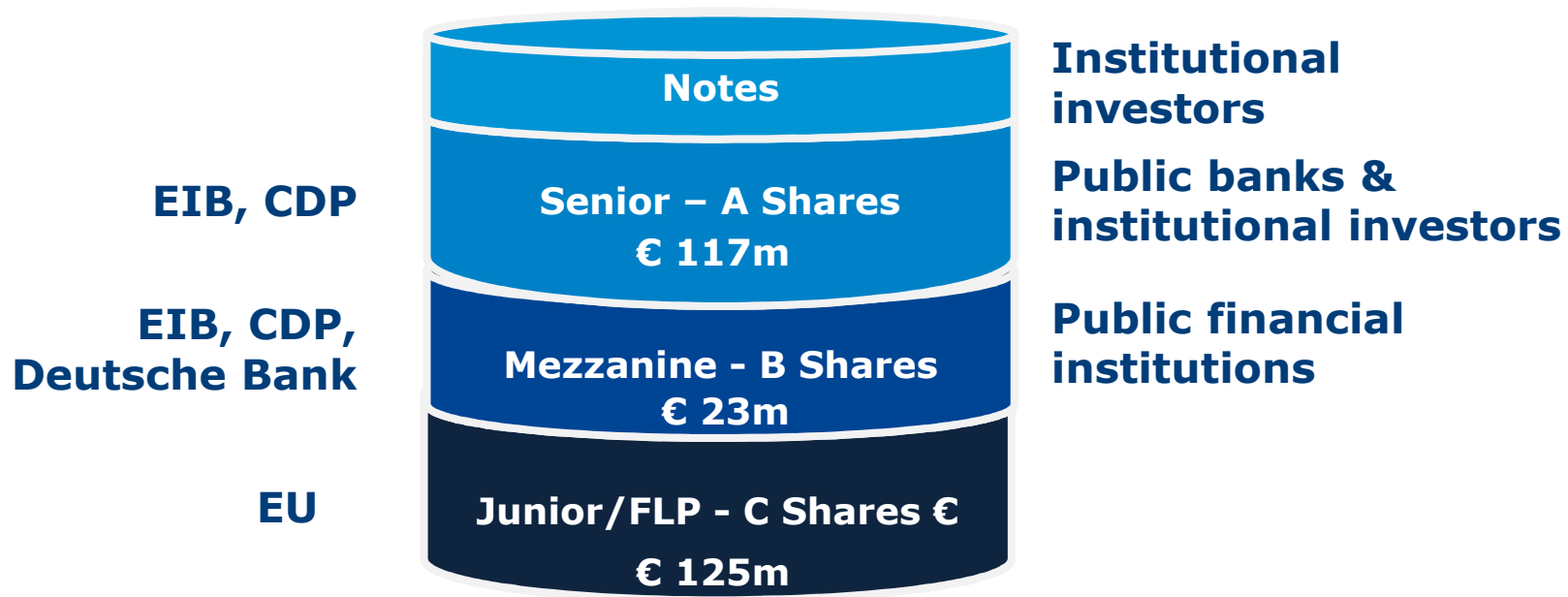




The EEF a new EU Financial Instrument

Size at first closing € 265m

Target Up to € 800m



- Address specific needs of commercially viable EE and RES projects
- Final Beneficiaries are local/regional public authorities
- Senior/junior/convertible debt, equity, guarantees, forfeiting loans (supporting EPC)
- Technical assistance 20M€ (grant) for project development services



MFF 2014-2020 – EE as a priority

- **Cohesion policy funding to allocate min. EUR 23 billion to EE/RES and urban transport (doubling current allocations)**
- **Horizon 2020: EUR 5.6 billion is to be allocated to research and innovation in "Secure, clean and efficient energy" – EUR 840 million to EE alone**
To include an IEE II follow-up programme, incl. finance for EE financing
- **LIFE + funding: 450 MEUR in 2014 – 2017 – EE an important part – Deep Green Initiative and RSI under H2020**

Financial Instruments in MFF proposals 2014-2020

**Centrally managed by COM
(Financial Regulation)**

**Shared Management with MS
(Common Provisions Regulation)**

**Research,
Development
Innovation
Deployment**

**Horizon 2020
Equity and Risk Sharing
Instruments**

**Instruments under
Structural and Cohesion
Funds**

**Growth, Jobs
and Social
Cohesion**

**Competitiveness &
SME (COSME)
Equity & guarantees**

**Creative Europe
Guarantee Facility**

⇒ **EU level (central
management)**

**Social Change
& Innovation**

**Erasmus for all
Guarantee Facility**

⇒ **National/regional
instruments (shared
management)**

Infrastructure

**Connecting Europe Facility (CEF)
Risk sharing (e.g. project bonds)
and equity instruments**

- **Off-the shelf FIs**
- **Tailor made FIs**

***Significant higher amounts
than currently!***

DEEP GREEN

Dedicated instrument for EE (developed by EIB)

Objective: credit enhancement for EE

Banking compartment:

- **EU FLP to local banks**
- **EIB Credit line**
- **TA for beneficiaries and/or FI**
- **Small project size**



Investments in Sustainable Energy in 2014-2020 Cohesion Policy

"Supporting the shift towards a low-carbon economy in all sectors" – 5 investment priorities:

- a) Promoting the production and distribution of RES**
- b) Promoting EE and RES use in SMEs**
- c) Supporting EE and RES use in public infrastructures and in the housing sector (housing only ERDF)**
- d) Developing smart distribution systems at low voltage levels ("smart grids")**
- e) Promoting low-carbon strategies for urban areas**



Partnership Agreement & Operational Programmes 2014-2020

Priority setting within thematic objectives and min. allocation
-20% for low carbon economy investments in more developed region

Choice of delivery mechanism:

- Grant
- Off the shelf instrument (Renovation loans for residential buildings)
- Template instrument
- Ring-fenced allocation to a EU-level fund
- Loans/guarantee delivered by the Managing Authority

Support to set OP/Programme of FI

- Programme level TA (max. 4% of ESI Funds)
- Guidances (terms & conditions "off the shelf" FI; guidance on energy renovation in buildings)
- Priorities to take into accounts: NRP & CSR, renovation roadmap, EE indicative objectives, NEEAPs,



EU Funding: more value for money

- **Attract & leverage private investments**
- **Big bulk of EE/RES investments should come from private sector**
- **Using market mechanisms** to avoid crowding out investors and increase leverage
- **Financial Instruments and Energy Performance Contracting**
- **Grant to address primarily market failures**, innovation and beyond cost-effective EE projects (deep renovation)
- **Increase quality** of project selection and financing processes: **Guidance** to be finalised in January



NEXT STEPS:

- **Continuation of support** for projects and actions to make the EE investible through the H2020 Work-programme
- Implementation of the **EEE F** and sharing of experience, links with **Deep Green Initiative** and "**Off-the-shelf instrument**" under Cohesion policy
- **Continuation and extension of Project Development Assistance** support including ELENA Facility, Robust **monitoring and benchmarking** system
- **EE financiers and investors group (EEFIG)** – report to the Commission and follow-up in policy work
- **EE Financing portal**, and other means of knowledge sharing
- Strong links with our **policy work under EPBD and EED**



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**Thank you for
your attention !**

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